

AR46



ANNUAL REPORT 1970

**THE
FIDELITY
TRUST
COMPANY**

SINCE 1909

FINANCIAL HIGHLIGHTS

	1970	1969	1968	1967	1966
Total Assets	17,707,980	13,530,109	9,712,772	7,850,467	6,377,884
Gross Income	1,808,065	1,128,471	800,132	585,300	397,518
Interest paid to Depositors	1,107,561	700,097	469,998	344,136	250,133
Net Income Prior to Tax	165,183	100,706	59,664	41,699	8,168
Income Tax	55,165*	37,283	—	—	—
Net Income for Year	110,018	63,423	59,664	41,699	8,168
Capital and Reserves	1,387,180	1,119,201	696,736	592,488	516,709
Earnings per share	+10c	+6½c	+8½c	+6c	+1½c
Dividends Paid	4c	—	—	—	—
Average Number of Employees	34	33	32	20	17
Number of Shareholders at Year End	264	265	240	175	88

*\$25,331 income tax recovered after allocation of \$46,397 to reserve

HEAD OFFICE

291 Garry Street,
Winnipeg 1, Manitoba.

DEPARTMENTS:

Savings & Chequing
Mortgage & Loan
Estate & Agency

REAL ESTATE DIVISION

417 Academy Road, Lower Level.

BRANCHES

River Heights,
417 Academy Road,
Winnipeg 9, Manitoba.

North Central
1355 Main Street,
Winnipeg 4, Manitoba.

Downtown,
447 Portage Avenue,
Winnipeg 1, Manitoba.

291 Garry Street,
Winnipeg 1, Manitoba.

THE FIDELITY TRUST COMPANY

Inc. A.D. 1909

BOARD OF DIRECTORS

John Stuart McMahon	Winnipeg, Man.
Neil Cameron Walker Wood	Winnipeg, Man.
Andrew Kingsmill Stephens	Winnipeg, Man.
Richard Wilson Smith	Winnipeg, Man.
James Edward Perkins	Winnipeg, Man.
James Sylvester McGoey, M.D.	Winnipeg, Man.
Edmund Boyd Osler, M.P.	Winnipeg & Ottawa, Ont.
John Klassen	Winnipeg, Man.
Donald Savigney Paterson	Winnipeg, Man.
Harvey Allan McDiarmid	Vancouver, B.C.
Frank Luther Ernst	Winnipeg, Man.
Esther Moscovitch Genser	Winnipeg, Man.
Bruce H. Codville	Winnipeg, Man.
Joseph C. Stangl	Winnipeg, Man.

OFFICERS AND EXECUTIVE COMMITTEE

J. S. McMahon	Chairman of the Board
N. C. W. Wood	President and General Manager
R. W. Smith	Vice President
A. K. Stephens	Vice President
J. E. Perkins, LL.B.	Secretary-Treasurer
E. B. Osler, M.P.	Director Exec. Comm.
F. L. Ernst	Director Exec. Comm.

CHARTERED ACCOUNTANTS

Thorne, Gunn, Helliwell & Christenson

SHARES LISTED

Vancouver & Winnipeg Stock Exchanges

MEMBER: CANADA DEPOSIT INSURANCE CORPORATION

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your Directors are pleased to present the Annual Report of your Company for the year ending December 31, 1970.

Six years ago your Directors gathered together to purchase the majority interest in The Fidelity Trust Company. All were imbued with the idea that a viable financial institution could be built up in Winnipeg and that the savings of Winnipeg people should be put to use in our local community. That ambition has now been achieved.

Your Company in the past year has demonstrated its position in the local economy. It has earned 10% after taxes on invested capital — the shareholders have received their first dividends since the re-organization and your Company has continued to provide residential mortgage loans in Winnipeg despite adverse financial conditions and tight money in other centres. The opening of our fourth branch office located at 447 Portage Avenue early in 1970 provides convenient and adequate coverage of the Greater Winnipeg area. The real estate department with 1970 sales of almost 4 Million Dollars compliments the complete range of trust company services offered by your Company.

During 1970 the Company processed in excess of 7 Million Dollars of mortgage loans at what may very well prove to be record high interest rates; almost 75% of these loans are insured under the National Housing Act.

Your Company made substantial progress in the estates, trusts and agency department. Several large estates were probated and an entry into the CMHC mortgage loan administration field further bolstered revenues. The acquisition of 50% of the stock of Nanton Building (1965) Ltd., gives your Company a half interest in the Nanton Building, an exceptional piece of real estate situated on the North West corner of Portage Avenue and Main Street. This would be one of the most strategic locations in Western Canada for the Head Office of your Company in future years.

Having built this solid base and fulfilled our stated objectives, it is now time to consider the future progress of your Company within the framework of Western Canada rather than just one Province. With this in mind your Directors have applied for registration as an extra-provincial Company to the Province of British Columbia; the shares and share purchase warrants of the company were called for trading on the Vancouver Stock Exchange on February 8th, 1971.

1971 could prove to be a most profitable year for your Company. The reduced cost for shorter term funds should have the effect of increasing the spread between borrowing and lending; the improved bond values and mounting surpluses, coupled with authorized borrowing limits of 18 times capital and surplus, will allow assets to climb to approximately 25 Million before further capital is required, and a continuation of the dividend policy established in 1970 is anticipated.

We regret the loss of Mr. Richard Noonan as a Director of the Company. Mr. Noonan left the country in January of 1970 to assume his new responsibilities as Vice-President of the Power Equipment Systems Division of FPE Pioneer Electric Limited at Newark, New Jersey.

Our appreciation again goes out to the staff of your Company who continue to make these excellent results possible.

J. S. McMahon
Chairman of the Board

N. C. W. Wood
President and General Manager

THE FIDELITY TRUST COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1970
(with comparative figures for 1969)

	1970	1969
Revenue		
Interest earned	\$ 1,408,035	\$ 936,619
Real Estate Department	187,580	120,327
Sundry	212,450	71,525
	1,808,065	1,128,471
Expenses		
Interest on deposits and guaranteed investment certificates	1,107,561	700,097
Salaries, bonuses and employee benefits	151,939	86,100
Administration	40,053	27,984
Branch offices	20,889	14,925
Real Estate Department	170,745	101,113
Advertising	8,054	6,045
Depreciation	13,000	8,271
Directors' remuneration	22,742	22,742
Sundry	107,899	60,488
	1,642,882	1,027,765
Income before income taxes	165,183	100,706
Income taxes	55,165	37,283
NET INCOME FOR THE YEAR (note 5)	110,018	63,423
Appropriation to special mortgage reserve	46,397	43,603
Less reduction of income taxes applicable thereto	25,331	22,853
	21,066	20,750
BALANCE TRANSFERRED TO RETAINED EARNINGS	88,952	42,673
Retained earnings (deficit) at beginning of year	16,970	(25,703)
	105,922	16,970
Dividends	41,830	
RETAINED EARNINGS AT END OF YEAR	\$ 64,092	\$ 16,970

THE FIDELITY TRUST COMPANY
(Incorporated by special act of the Legislature of the State of New York)
BALANCE SHEET —
(with comparative figures for 1969)

ASSETS	1970	1969
Cash and deposit receipts	\$ 1,044,428	\$ 1,324,740
Investment securities, at cost		
Bonds		
Canadian and Provincial government guaranteed	2,290,382	1,869,059
Municipal	47,572	47,759
Corporate	913,761	793,370
Stocks	156,943	120,880
(quoted market value 1970 - \$3,096,483; 1969 - \$2,284,502)	3,408,658	2,831,068
Loans and advances		
Mortgages, including accrued interest	12,477,402	8,752,856
Collateral loans	76,283	75,678
Accounts receivable	68,509	39,708
Advances to estates, trusts and agencies	2,881	5,177
	12,625,075	8,873,419
Properties held for sale, at cost, less mortgages payable of \$33,872 (\$22,715 in 1969)	79,662	20,792
Investment in related company, Comcheq Services Ltd., at cost	20,100	15,100
Investment in 50% owned company, at cost (note 2)	64,000	
Fixed assets		
Income property, at cost less accumulated depreciation of \$7,832 (\$2,215 in 1969)	415,739	421,356
Furniture and leaseholds, at cost less accumulated depreciation of \$30,803 (\$22,833 in 1969)	34,210	26,740
	449,949	448,096
Other assets		
Prepaid expenses and deferred charges	16,107	16,893
Mineral rights, at nominal value	1	1
	16,108	16,894
	\$17,707,980	\$13,530,109
Estates, Trusts and Agencies under administration	\$ 1,680,043	\$ 628,996

Approved by the Board

Director—J. S. McGoey, M.D.

Director—R. W. Smith

COMPANY

Manitoba Legislature)

EMBER 31, 1970

December 31, 1969)

	LIABILITIES	1970	1969
Deposits		\$ 2,685,051	\$ 2,311,432
Guaranteed investment certificates		13,568,082	10,021,163
		16,253,133	12,332,595
Other liabilities			
Accounts payable and accrued liabilities		43,726	31,226
Income and other taxes payable		13,275	36,421
Advances from affiliated company		10,666	10,666
		67,667	78,313
Mortgage reserve		90,000	43,603
		16,410,800	12,454,511

SHAREHOLDERS' EQUITY

Capital stock (note 3)			
Authorized			
2,000,000 Common shares, par value \$1 each			
Issued			
1,220,206 Common shares (1,045,746 shares			
in 1969)		1,220,206	1,045,746
Contributed surplus, unchanged during the year		12,882	12,882
RETAINED EARNINGS		64,092	16,970
		1,297,180	1,075,598

\$17,707,980 \$13,530,109

LONG-TERM LEASES (note 4)

THE FIDELITY TRUST COMPANY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1970

1. GENERAL

Certain of the 1969 figures have been reclassified to make them comparative with the current year.

2. INVESTMENT IN 50% OWNED COMPANY

Nanton Building (1965) Ltd.

250 Common shares	\$48,000
Advances	16,000
	\$64,000

3. CAPITAL STOCK

At December 31, 1970, 326,019 (326,019 in 1969) share purchase warrants exercisable to March 31, 1974 at \$1.25 are outstanding and the required shares reserved.

During the year 174,460 shares were issued for cash.

4. LONG-TERM LEASES

The company rents premises under long-term leases. The annual rentals under these leases, exclusive of taxes, utilities and other occupancy expenses are as follows

1971 to 1973	\$17,040
1974	9,780
1975	450

5. EARNINGS PER SHARE

	1970	1969
Basic earnings per share	\$.099	\$.067

Basic earnings per share figures are calculated using the weighted monthly average of shares outstanding during the respective fiscal years.

Fully diluted earnings per share	\$.090	\$.066
--	---------	---------

In the fully diluted earnings per share calculation, the assumption is made that the stock warrants for the purchase of 326,019 common shares at \$1.25 had been exercised at the beginning of 1970.

Thorne,
Gunn,
Helliwell
& Christenson

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
The Fidelity Trust Company

We have examined the balance sheet of The Fidelity Trust Company as at December 31, 1970 and the statement of income and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1970 and the results of its operations for the year then ended, on a basis consistent with that of the preceding year.

Thorne, Gunn, Helliwell & Christenson

Winnipeg, Canada
February 9, 1971

Chartered Accountants

OFFICES THROUGHOUT CANADA AND ASSOCIATES THROUGHOUT THE WORLD

99
1000

1. ADVICE ON WILLS

Regardless of how small you may think your estate to be, a will is of the utmost importance. Without one you can create a great deal of problems for your family. The laws of the Province in which you live allow you to draw a will and bequeath all your personal holdings to the people of your choice. You can appoint an executor now to handle your affairs and distribute your assets after death, also a Trustee to administer your assets for the benefit of others named in your will. You can discuss all these problems with our experienced Trust Officer without any obligation whatsoever.

2. EXECUTOR & TRUSTEE

Fidelity are authorized by law to act as Executor and Trustee for you. The advantages of having a trust company for this purpose are numerous. The maximum savings on death duty can be obtained through our experience, and loans can be made available to your beneficiaries to enable payment of expenses incurred at the time of death. Assets will be handled to the best advantage and you will be relieved from anxiety knowing that you have provided the best available administration for your estate. Fidelity being a Manitoba Company have the combined knowledge and resources of all the business and professional people who make up the Board of Directors, most of whom are particularly familiar with local problems.

3. ADMINISTRATOR, AGENT, MANAGER AND STOCK TRANSFER

If you are a beneficiary under a will and an executor has not been appointed or the one appointed is unwilling or unable to act, you can appoint Fidelity as administrator of the estate. If you are in need of an agent or committee for someone who is temporarily or permanently incapacitated it may be of relief to know you can

appoint us for this task, or perhaps you require a manager to temporarily hold or supervise a business venture where the owner or owners are unable to continue. Fidelity also act as stock or bond transfer agents for public or private corporations.

4. INVESTMENT ADVICE

This service is available to all our clients and, for a small fee, we will handle an entire portfolio utilizing the maximum in knowledge and experience through our connections in Canada, the United States and Great Britain.

5. REAL ESTATE APPRAISAL AND MANAGEMENT

The Company has one of the largest real estate sales departments in Manitoba. In addition to this we have on staff qualified appraisers to value any type of real estate in the country. This department also operates a comprehensive property management division and will collect and administer rents, leases, options, etc., and generally manage residential multi-family or commercial real estate.

6. MORTGAGES

We can provide mortgage loans for those who wish to borrow at competitive rates and terms, or we can administer and collect mortgage payments for those who invest in mortgages but do not wish to keep the necessary records.

7. SAFEKEEPING

For a small fee we will safekeep any item of jewelry or securities, etc., for you. A separate pocket is sealed and kept in the company's vaults, and can only be opened by yourself, or with your consent, by the Company.

8. LIFETIME TRUSTS

During your lifetime you can dispose of part or all of your assets through the media of donations

or lifetime trusts, in which case we will act for you. In effect you may transfer your assets now, outlining the conditions under which the beneficiaries shall receive them, or you can retain the income for your own use during your lifetime, authorizing us to act as trustee upon your death.

9. GUARANTEED TRUST CERTIFICATES

Are an excellent way to invest sums of money from \$100.00 to \$100,000.00 for periods of from 30 days to 5 years, with interest payable at maturity or every six months. All deposits of this nature are insured through the company's membership in the Canada Deposit Insurance Corporation up to a maximum of \$20,000.00 per person or corporation.

If you wish to invest in one of these certificates the current rate of interest paid by the company can be obtained by asking at any branch of the company. Such rates fluctuate from time to time, but are guaranteed for the term of the deposit you choose.

10. SAVINGS AND CHEQUING ACCOUNTS

The Company offers regular chequing accounts at all branches. If you have an account with us you are provided with free personal cheques and a handsome wallet holder plus you may write a reasonable number of cheques without having to pay any service charge. Savings accounts bear competitive rates of interest, such interest normally being calculated on the minimum monthly balance. You may not write cheques on this account but you can deposit or withdraw in person or by mail. Current interest rates are available

by asking at Fidelity, and all deposits up to \$20,000 per person are insured through Canada Deposit Insurance Corporation.

11. REGISTERED RETIREMENT SAVINGS PLANS

The Canadian Income Tax Act allows tax exemptions on money saved today to provide for retirement income in the future. Presently a total contribution of \$2,500.00 per year is allowed, bearing in mind that tax must be paid when the money is drawn out, at the rate of tax applicable at that time. Certain qualifications must be met to become registered in this manner and we suggest that should you wish to participate in such a plan you discuss the matter with our Trust Officer.

12. TAX RETURNS

If you are having problems with the preparation of your tax returns, we have trained staff with knowledge and experience to help you so don't hesitate to discuss these problems with us.

13. PAYROLL PREPARATION SERVICE

Through an affiliate COMCHEQ SERVICES LIMITED we can now offer a complete payroll preparation service; utilizing the services of one of the largest computers in the Province we can compile and cost the gross pay and provide you with all the records necessary, plus the completed pay cheque for delivery to your employee. Enquire at any branch of Fidelity Trust about the Comcheq service, the cost is a fraction of what it now costs you.



THE NANTON BUILDING, located on the North West corner of Portage and Main, one of the most strategic locations in Western Canada for the Head Office of The Fidelity Trust Company in future years.

